

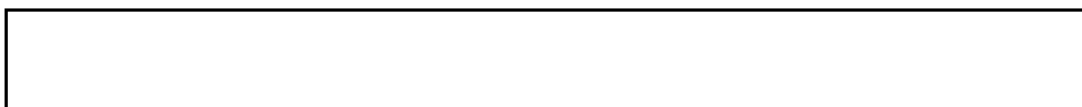
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Future of Proposed Canadian-French Uranium  
Enrichment Plant in Doubt

The plans of Quebec leaders for a joint Canadian-French uranium enrichment plant have run up against Prime Minister Trudeau's reluctance to approve such projects in Canada. The French Atomic Energy Commission and two Canadian firms agreed last fall to participate in a feasibility study on the establishment of a \$3 billion gaseous diffusion enrichment plant in the James Bay area of Quebec.

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[redacted] see no domestic need for an enrichment facility, given the fact that the CANDU reactors produced by Canada use natural uranium. Production of enriched uranium for export, moreover, would undercut foreign sales of the CANDU reactor.

[redacted] the large capital expenditures required to meet Canadian energy needs place expenditures on enrichment facilities in a very low priority.

The Quebec government, for its part, has urged adoption of the James Bay proposal because it would lead to a heavy infusion of French capital and expanded employment opportunities in the province. The project was on the agenda of Quebec Premier Robert Bourassa's talks with French officials in Paris last December.

The French [redacted]

[redacted] apparently chose to bide their time while awaiting the reaction of federal authorities in Ottawa who must approve the arrangements. The French are also awaiting the results of the feasibility study which are due next month.

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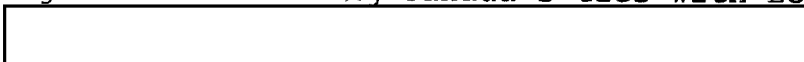
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Ottawa has not yet made a decision on the project. Energy Minister McDonald said in a recent interview that he would have to look at the trade-offs involved if an application is made for a federal license to build the plant and export the enriched uranium.

Trudeau will have to balance his reluctance to build an enrichment plant in Canada against certain political advantages. Quebec's Liberal government, for example, would benefit from creating many new jobs. He also may be influenced by the opportunity to expand economic relations with France as part of his foreign policy goal of increasing Canada's ties with EC countries.

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